BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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Order Instituting Rulemaking Regarding Policies, Procedures and Rules for the Self-Generation Incentive Program and Related Issues.	Rulemaking 20-05-012 (Filed May 28, 2020)

REPLY COMMENTS OF CENTER FOR ENERGY EFFICIENCY AND RENEWBALE TECHNOLOGIES ON ASSIGNED COMMISSIONER'S RULING REQUESTING COMMENT

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REPLY COMMENTS OF
CENTER FOR ENERGY EFFICIENCY AND RENEWBALE TECHNOLOGIES
ON ASSIGNED COMMISSIONER'S RULING REQUESTING COMMENT

Center for Energy Efficiency and Renewable Technologies (CEERT) respectfully submits these Reply Comments on the Assigned Commissioner's Ruling Requesting Comment, submitted in Rulemaking (R.) 20-05-012 (Self-Generation Incentive Program (SGIP)) on March 2, 2021 (March 2 ACR). These Reply Comments are filed and served pursuant to the California Rules of Practice and Procedure and the March 2 ACR.

I.
REMAINING SGIP FUNDING SHOULD BE ALLOCATED TO PROJECTS THAT ARE MOST CONSISTENT WITH CALIFORNIA'S DECARBONIZATION GOALS

With SGIP being a finite incentive program, CEERT believes that the remaining SGIP funding should be allocated to technologies that present the greatest contributions to California's decarbonization goals. CEERT believes that the technologies incentivized through the SGIP program must be cleaner than the emission profile of the grid. It is important to base regulatory decisions on actual emissions at different times of day and year, rather than projected emissions on the grid based on modeling assumptions – many of which have been found to be inaccurate. As such, CEERT believes that the SGIP program should strive to incentivize a high level of decarbonization potential.

CEERT acknowledges the valuable role renewable natural gas can and will play in California's deep decarbonization effort, especially in hard-to-electrify sectors. However,

CEERT maintains that the State must work to transition away from dependence on the gas system. Given the limited in-state supply of directed biogas, the potential for better use cases elsewhere, and the concerns regarding greenhouse gas (GHG) benefit verification, CEERT believes on-site biogas should be prioritized for incentives in the SGIP program.

Furthermore, CEERT believes that internal combustion engines (ICEs) should not be eligible for funding. Sierra Club correctly states that "…fuel cells offer a solution that avoids the air quality impacts of internal combustion engines."[1] Fuel cell technologies using renewable natural gas have zero criteria air pollutants and offer a viable and necessary alternative to ICEs. As such, CEERT strongly recommends that these technologies have high priority under SGIP funding criteria.

Finally, CEERT agrees with the Sierra Club, the Public Advocates Office (Cal Advocates), Southern California Edison (SCE), and the Bioenergy Association of California (BAC) that purpose-grown crops should not be incentivized under SGIP.[2] In its Opening Comments, BAC correctly observes that "California generates millions of tons of organic waste each year [*citation removed*] and should prioritize the beneficial re-use of organic waste rather than purpose grown crops…"[3] In addition to the link between feedstock source and the potential GHG benefits of biogas, purpose-grown crops carry additional environmental concerns such as their impact on air quality, water quality, and land use considerations. Thus, purpose-grown crops should not be eligible as feedstock for renewable fuels in SGIP.

II.
THE DEFINITION OF "GREEN HYDROGEN" SHOULD BE EXCLUSIVE

[1] Opening Comments of the Sierra Club, at p. 3.
[2] Opening Comments of the Sierra Club, at p. 4; Opening Comments of Cal Advocates, at pp. 2-3; Opening Comments of SCE, at p. 2; and Opening Comments of BAC, at p. 5.
[3] Opening Comments of BAC, at p. 5.

CEERT concurs with numerous party comments that there are many viable pathways of producing renewable hydrogen, in addition to various important use cases for different forms of hydrogen. However, CEERT believes that the definition of "green hydrogen" specifically should be exclusive to that which is produced from electrolysis using renewable energy or from renewable feedstock such as on-site biogas through a fuel cell. The lifecycle of the hydrogen, and thus its carbon intensity and emission profile, is linked both to its end use and to the method by which it is produced. CEERT believes it is imperative that the Commission strike the right balance between allowing this technology to grow to scale, assisted by SGIP funding, while also ensuring that the definition of "renewable" and "green" are not undermined through potential loopholes. Thus, while "renewable hydrogen" might encompass various production pathways, "green hydrogen" should be strictly defined as that made via electrolysis using renewable energy or renewable feedstock, such as on-site biogas through a fuel cell.

CEERT believes it is important that clean technologies be held to similar standards in regard to their contribution to the grid and in their evaluation for SGIP funding. The emission profile of many of these technologies, including hydrogen and battery storage, depends on factors external to the resource themselves. Thus, charge and discharge patterns and/or production timing must be consistent across technology types to ensure the emission reduction potential of these technologies is fully realized, and the correct market signals are effectively incentivized, as the importance of a diverse resource portfolio becomes increasingly clear.

III.
CONCLUSION

Again, CEERT appreciates the opportunity to comment on the March 2 ACR. The success of California's economy-wide decarbonization will rely on forming a diverse resource portfolio. As such, SGIP is an important mechanism for fostering the innovation and

commercialization of vital clean energy technologies that will contribute greatly to this effort. Thus, the program should strive to incentivize technologies with maximum environmental benefits to California and help advance the State's climate goals to the greatest extent possible.

Respectfully submitted,

March 29, 2021 /s/ MEGAN M. MYERS

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